

Implementing the new Medicare drug benefit: Formulary issues

ISSUE: The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) allows participating drug plans to develop and use formularies. The Congress and other policymakers are likely to encounter many issues and questions regarding the implementation of formularies and formulary procedures.

KEY POINTS:

Our June 2004 report will include a chapter on a number of implementation issues for the new Medicare prescription drug benefit. The attached document presents a draft section of this chapter, focusing specifically on formulary issues. It first provides background information on what formularies are and how they are developed and used in current practice. Then it examines related implementation issues, with respect to the new Medicare drug benefit, and discusses some of the advantages and disadvantages of various implementation options.

Our presentation will summarize the issues raised in the attached draft. Policy issues include:

- How can the therapeutic class structure of a formulary affect enrollee access to medications?
- How will beneficiaries and physicians be able to learn about a plan's formulary?
- How will enrollees be able to obtain coverage for nonformulary drugs?
- What issues could arise when plans change their formularies?
- What information is needed to compare drugs' effectiveness?

ACTION: Commissioners should provide feedback on the attached draft chapter section.

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